NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

– Paid Up Producers 88 (4-89) With 640 Acres Pooling Provision STANDARD LEASE v.5

THIS LEASE AGREEMENT is made this

and, DALE PROPERTY SERVICES

## PAID UP OIL AND GAS LEASE (No Surface Use)

hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

Destember

2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee. All printed portions of this lease

2009, by and between

were prepared by the party

| • 190 ACRES OF LAND, MORE OR L   | ESS, BEING LOT(S)                     | 23R                         |                                      | , BLOCK               | 1                    |
|--|---------------------------------------|-----------------------------|--------------------------------------|-----------------------|----------------------|
| OUT OF THE Whileholl In  | a LaCina                              |                             | ADDITION, AN AL                      | OT MOITIGE            | THE CITY OF          |
| fort Worth   |                                       | UTY TEXAS ACC               | ORDING TO THAT CE                    | DTAIN DI AT           | DECUBBED             |
| IN VOLUME 388-15 PAGE  |                                       |                             |                                      |                       |                      |
| IN VOLUME, PAGE_   | _ <del></del>                         | OF THE PLATER               | ECORDS OF TARRANT                    | COUNTY, II            | EXAS.                |
|  |                                       |                             |                                      |                       |                      |
| in the County of <u>Tarrant</u> , State of TEXAS, containing   | 16 C                                  |                             |                                      |                       |                      |
| in the County of Tarrant, State of TEXAS, Containing   | 3 / 7 C gross a                       | cres, more or less (inclu   | iding any interests therein which    | th Lessor may he      | reafter acquire by   |
| reversion, prescription or otherwise), for the purpose of  | exploring for, developing, i          | producing and marketin      | ig oil and gas, along with all I     | nydrocarbon and       | non hydrocarbon      |
| substances produced in association therewith (includin   | ig geophysical/seismic ope            | rations). The term "ga      | as as used herein includes i         | nelium, carbon c      | lioxide and other    |
| commercial gases, as well as hydrocarbon gases. In ac<br>land now or hereafter owned by Lessor which are contig  | Julion to the above-describe          | ed leased premises, init    | s lease also covers accretions       | and any small s       | inps or parcers of   |
| Lessor agrees to execute at Lessee's request any addition  | not are aupolomontal instrum          | nve-uescribeu leaseu pri    | enises, and, in consideration of the | or the storements     | oned cash bonus,     |
| of determining the amount of any shut-in royalties hereun  | ider the number of gross and          | ents for a more complet     | it ha doomed correct whether         | ratually more or l    | . Ful tile pulpose   |
| The second secon | ides, the number of gross act         | es above openiied and       | / -                                  | actually illore of it | 500.                 |
| 7 This losses which is a "poid up" losses require-   |                                       |                             | Lung 5                               |                       |                      |
| 2. This lease, which is a "paid-up" lease requiring r  | no lentais, snall be in force t       | or a primary term of        | I MULL CONTRACTOR                    |                       | te hereof, and for   |
| as long thereafter as oil or gas or other substances cover<br>otherwise maintained in effect pursuant to the provisions  | red riereby are produced in p         | paying quantities from tr   | te leased premises or from lan       | as pooled therew      | ith or this lease is |
| Royalties on oil, gas and other substances produced in the provisions  | tielegt.<br>duood and amied becomedes |                             | a to I secon so follows: (a) Fo      | ail and alban la      |                      |
| separated at Lessee's separator facilities, the royalty sh   | all be                                | snail de paid by Lesse      | e to Lessoi as lollows. (a) Fo       | r on and other high   | uid Hydrocarbons     |
| Lessor at the wellhead or to Lessor's credit at the oil pur  | chaser's transportation facili        | tige provided that I are    | se shall have the continuing ri      | nht to nurchage p     | uch production at    |
| the wellhead market price then prevailing in the same fi   | ield for if there is no such n        | rice then prevailing in I   | the same field then in the nea       | arest field in which  | h there is such a    |
| preveiting price) for production of similar grade and g  | gravity: (b) for oas (including       | no casino head das) a       | and all other substances cov         | ered hereby, the      | rovatty shall be     |
| dwenty- the (250) of   | the proceeds realized by Le           | ssee from the sale there    | of, less a proportionate part of     | f ad valorem taxe     | s and production.    |
| severance, or other excise taxes and the costs incurred t  | by Lessee in delivering, prod         | essing or otherwise ma      | rketing such gas or other subs       | tances, provided      | that Lessee shall    |
| have the continuing right to purchase such production at   | the prevailing wellhead mark          | et price paid for produc    | tion of similar quality in the sar   | ne field (or if ther  | e is no such price   |
| then prevailing in the same field, then in the nearest field   | d in which there is such a p          | revailing price) pursuan    | it to comparable purchase con        | tracts entered int    | o on the same or     |
| nearest preceding date as the date on which Lessee com   |                                       |                             |                                      |                       |                      |
| the leased premises or lands pooled therewith are capab  |                                       |                             |                                      |                       |                      |
| hydraulic fracture stimulation, but such well or wells are e   |                                       |                             |                                      |                       |                      |
| be producing in paying quantities for the purpose of main  |                                       |                             |                                      |                       |                      |
| being sold by Lessee, then Lessee shall pay shut-in roya   |                                       |                             |                                      |                       |                      |
| depository designated below, on or before the end of sai<br>are shut-in or production there from is not being sold b   |                                       |                             |                                      |                       |                      |
| Lessee from another well or wells on the leased premise  |                                       |                             |                                      |                       |                      |
| of such operations or production. Lessee's failure to prop   |                                       |                             |                                      |                       |                      |
| 4. All shut-in royalty payments under this lease sh  |                                       |                             |                                      |                       |                      |
| be Lessor's depository agent for receiving payments rega   |                                       |                             |                                      |                       |                      |
| draft and such payments or tenders to Lessor or to the o   | depository by deposit in the          | US Mails in a stamped       | envelope addressed to the dep        | pository or to the    | Lessor at the last   |
| address known to Lessee shall constitute proper paymer   |                                       |                             |                                      |                       |                      |
| payment hereunder, Lessor shall, at Lessee's request, de   | eliver to Lessee a proper rec         | ordable instrument nam      | ing another institution as depos     | sitory agent to rec   | eive payments.       |
| <ol><li>Except as provided for in Paragraph 3, above, in</li></ol>   | f Lessee drills a well which i        | s incapable of producing    | g in paying quantities (hereinal     | fter called "dry ho   | ie") on the leased   |
| premises or lands pooled therewith, or if all production   | (whether or not in paying of          | juantities) permanently     | ceases from any cause, inclu         | iding a revision o    | of unit boundaries   |
| pursuant to the provisions of Paragraph 6 or the action  | on of any governmental aut            | hority, then in the ever    | nt this lease is not otherwise       | being maintaine       | un force it siiali   |
| nevertheless remain in force if Lessee commences open<br>on the leased premises or lands pooled therewith within   | ations for reworking an exist         | ing well or for drilling at | halo as within 00 days offer our     | ch coception of a     | I production If at   |
| the end of the primary term, or at any time thereafter, t  | bin lagra is set otherwise b          | operations on such dry      | hut I acces is then engaged          | Lin drilling rewor    | king or any other    |
| operations reasonably calculated to obtain or restore pro-   | duction therefrom this loses          | chall remain in force so    | n long as any one or more of s       | uch operations at     | e prosecuted with    |
| no cessation of more than 90 consecutive days, and if a  | any such operations result is         | the production of oil o     | or das or other substances cov       | ered hereby, as       | long thereafter as   |
| there is production in paying quantities from the leased   | ntemises or lands pooled th           | erewith After completi      | on of a well capable of produc       | ing in paving qua     | ntities hereunder.   |
| Lessee shall drill such additional wells on the leased pref  | mises or lands pooled therev          | vith as a reasonably pru    | ident operator would drill under     | the same or sim       | lar circumstances    |
| to (a) develop the leased premises as to formations the  | en capable of producing in p          | aving quantities on the     | leased premises or lands poor        | oled therewith, or    | (b) to protect the   |
| leased premises from uncompensated drainage by any v   | well or wells located on othe         | r lands not pooled there    | with. There shall be no cover        | ant to drill explor   | atory wells or any   |
| additional wells except as expressly provided berein   |                                       |                             |                                      |                       |                      |
| <ol><li>Lessee shall have the right but not the obligation</li></ol>   | on to pool all or any part of         | the leased premises or      | interest therein with any other      | lands or interest     | s, as to any or all  |
| depths or zones, and as to any or all substances cover   | red by this lease, either befo        | are or after the comme      | ncement of production, whene         | ver Lessee aeen       | ns it riecessary or  |
| proper to do so in order to prudently develop or operate   | the leased premises, whethe           | er or not similar pooling   | authority exists with respect to     | such other lands      | or interests. The    |

depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion to conform to any well spacing or density pattern that may be prescribed or premitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the le

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in wnole or in part, by area and/or by deput or zone, and une rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proprion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations with respect to the transferred interest shall not affect the rights of arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to

pay or tender shut-in royalities hereunder shall be divided between Lessee and the transferse in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon to obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced.

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery. Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted begins the land. The order to premise of tenther of the feets and (in the premise) of the feets and (in the premise) of the premise of tenther of the feets and (in the premise). except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority baying jurisdiction including restrictions on the diffling and production of wells, and the price of oil gas, and other substances, converted better.

When diffling restrictions are

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary ferm of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from expriration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee herunder, for a period of at least 90 days after Lessor has given Lessee.

purchase the lease or part thereor or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other herefit. Such subsurface well bore easements shall now this the land and surprise any termination of this lease.

other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original 17. This lease may be executed in counterparts, each of which is deemed an original and all of which only consulted one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease apparents, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to after the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's

| Helis, devisees, executors, autimistrators, successors and assigns, whether or not this lease has been executed by an person |   |  |  |  |  |  |
|--|---|--|--|--|--|--|
| LESSOR (WHETHER ONE OR MORE)  LEY: Jerry Jenkins FAVVIS  | By:   |  |  |  |  |  |
| ACKNOWLEDGMENT   |   |  |  |  |  |  |
| STATE OF   | Notary Public, State of Language, Notary's name (printed): Public, Notary's commission expires: 3 - 25 - 261) |  |  |  |  |  |
| COUNTY OFday or  | , 2009,   |  |  |  |  |  |
| by:  |   |  |  |  |  |  |
|  |   |  |  |  |  |  |



## DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

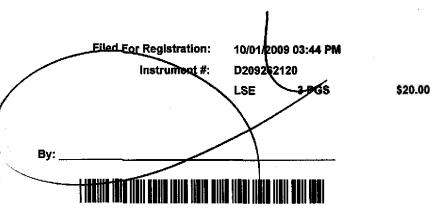
DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

## SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

## <u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



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